

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: U S WEST COMMUNICATIONS, INC., AND CITIZENS TELECOMMUNICATIONS COMPANY OF IOWA	DOCKET NO. SPU-99-31
---	----------------------

**ORDER ESTABLISHING COMMENT DEADLINE, REVISING PROCEDURAL
SCHEDULE, AND REQUIRING INFORMATION**

(Issued February 25, 2000)

On November 9, 1999, U S WEST Communications, Inc. (U S West), and Citizens Telecommunications Company of Iowa (Citizens) (collectively, the Applicants) filed a joint application with the Utilities Board (Board) for approval of reorganization, discontinuance of service, and transfer of certificates, pursuant to IOWA CODE §§ 476.77, 476.20, and 476.29 (1999).

Pursuant to order, hearing in this matter was scheduled to commence on February 29, 2000, for cross-examination of the prefiled testimony of all parties. However, on February 23, 2000, the Applicants and the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a proposed settlement agreement and a joint motion for approval of the agreement. The proposed settlement was intended to resolve all issues between the Applicants and Consumer Advocate, except the issue concerning the acquisition premium to be paid by

Citizens. The only other party to this docket, AT&T Communications of the Midwest, Inc. (AT&T), is not a party to the proposed settlement.

The Board's rules include a procedure for review of contested settlements, with a settlement conference and opportunity for written comments and a hearing. 199 IAC 7.2(11). However, the schedule envisioned in the rule is inconsistent with the statutory time frame applicable to Board proceedings pursuant to Iowa Code § 476.77. If the Board applies the rule schedule to this contested settlement, the hearing on the settlement cannot be held before the statutory decision deadline in this docket (May 5, 2000). Accordingly, the Board will waive the provisions of 199 IAC 7.2(11) and establish a review procedure in keeping with the available time.

In light of the short time available, the Board will not automatically require that the parties convene a settlement conference. However, if AT&T believes that a settlement conference may be useful, one should be scheduled as soon as possible, to be held in Des Moines, Iowa. All parties will be required to participate in that conference.

A hearing for review and consideration of the proposed settlement will be held in conjunction with the hearing currently scheduled for February 29, 2000. At that time, the Board will receive live testimony in support of and in reply to the settlement agreement.

Finally, the Board has a number of questions concerning the proposed settlement, listed on Attachment A to this order. The Joint Applicants and Consumer

Advocate are directed to be prepared to respond to and provide the information requested in Attachment A at the hearing on February 29, 2000. Because of the time limitations between the issuance of this order and the hearing, the Joint Applicants and Consumer Advocate are directed to file the information requested in Attachment A as evidence pursuant to 199 IAC 7.7(7). As much of the information requested in Attachment A as possible is to be presented at the hearing on February 29, 2000. Any information not available at the hearing on February 29, 2000 should be filed no later than March 6, 2000.

IT IS THEREFORE ORDERED:

1. On its own motion, the Board hereby waives the provisions of 199 IAC 7.2(11) and substitutes the following procedure for filing comments on the partial settlement agreement filed in this docket on February 23, 2000:

a. If AT&T Communications of the Midwest, Inc., the only party to this proceeding that has not signed the settlement agreement, believes a settlement conference will be useful they may schedule a settlement conference in Des Moines, Iowa. All parties are required to attend the conference.

b. Comments contesting all or part of the proposed settlement will be received at the hearing scheduled for February 29, 2000.

c. Applicants are directed to be prepared to answer the questions set forth in the attached document, identified as Attachment A, on February

29, 2000, at the hearing currently scheduled in this proceeding. the Joint Applicants and Consumer Advocate are directed to file the information requested in Attachment A as evidence pursuant to 199 IAC 7.7(7). As much of the information requested in Attachment A as possible is to be presented at the hearing on February 29, 2000.

d. Any information not available at the hearing on February 29, 2000 should be filed no later than March 6, 2000.

UTILITIES BOARD

/s/ Allan T. Thoms

/s/ Susan J. Frye

ATTEST:

/s/ Raymond K. Vawter, Jr.
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 25th day of February, 2000.

**ATTACHMENT A
TO
"ORDER ESTABLISHING COMMENT DEADLINE, REVISING PROCEDURAL
SCHEDULE, AND REQUIRING INFORMATION"
DOCKET NO. SPU-99-31**

The following questions are to be answered by the Applicants. Other parties are invited to provide their own answers to the questions as a part of their comments on the proposed settlement. The questions are organized by reference to the settlement agreement. Omission of any particular rule or statutory requirement should not be interpreted as any indication that the proposed settlement is sufficient or deficient with respect to that particular provision.

Article IV

Paragraph 3

1. What will be the internal report that is the source of the access line count?
2. Provide an example of the method of calculation that will be used to determine credits based on the access line count.
3. Will the access line count include both wholesale and retail use?
4. Will the access line count include all lines regardless of usage?
5. Provide an example of a calculation for payment using U S WEST 1999 figures, assuming the provision had been in effect in that year, for the exchanges proposed to be sold. If year end 1999 records are not complete, provide the information for the year of 1998 (or the most recent available calendar year). Provide references for all calculations and copies of all supporting information used in the calculations.
6. How does Citizens intend to handle credits where the customer is no longer being provided service by Citizens? Will those customers be given the full credit due on the final bill? Will they receive a cash disbursement?
7. Will credits be calculated and applied based on the first 12 months data? If not, what will be the first date that credits could be calculated and applied under this agreement?
8. Please explain what is meant by the term "other events".
9. If the Agreement is accepted, what would be the timing on reporting payment information to the Board and how would affected customers be informed?
10. What information will the Applicants provide to the Board as part of the reporting process?
11. Does this provision need to be included in the tariff?
12. What would the impact be if this provision were extended to wholesale customers? Provide calculations showing the payments that would have been made to wholesale customers, using the same year as was used in the calculations responding to Question 5, above, for the exchanges proposed to be sold.

13. What is the basis for the \$.25 per month credit? How was this amount determined?

Paragraph 4

1. Define a "primary line" for business customers? Does this provision mean that a 20-line business would be compensated only for one line if all 20 are out? What about businesses with multiple locations, but a single billing address?
2. What would be the impact if this provision were extended to wholesale customers?
3. Are these remedies in addition to any other remedies the Board may order (or propose in informal complaint proceedings)?
4. Who makes the determination that the Company's performance is excused by events beyond its reasonable control? Will the Applicants agree to insert the words "as determined by the Board" after "beyond the reasonable control of the Company?"
5. If this provision had been in effect in 1999 for the exchanges proposed to be sold, how many customers would have received credits based upon the Company's failure to meet the specified standard? How much would those credits have totaled?

Paragraph 5

1. This provision assumes the existing customer options for held order situations are in the record. Please provide this information for the record in this docket or indicate where in the record the information can be found.
2. Where would customers have to go to pick up the "handset"? Could it be delivered, by overnight service, to customers more than x miles from the nearest Company office?
3. The phrase "unlimited local calls" may be unclear to customers as it applies to cellular telephones. Can it be clarified by reference to the existing local calling area for the affected customer?
4. Will the credit and remote call forwarding for the affected customer be automatic, or must the customer somehow request these items?
5. How and when will the Applicants make these arrangements known to their customers?
6. What is meant by, "[I]f maintenance of the U S WEST cellular loaner option is not feasible as of the date of sale?" Give an example of what might make maintaining the option "not feasible?"
7. How will Citizens notify the Board if it finds that maintaining the cellular loan option is not feasible? When will the Board be notified?

Paragraph 6

1. Based upon the records in Board complaint dockets, it appears U S West often does not know that it cannot meet a scheduled connection date until a

day or two before the scheduled date. Does this situation currently exist for Citizens in states where it currently does business? Explain why written notice will be adequate or helpful to the consumers in such situations.

Paragraph 7

1. Define what is meant by service orders and the types of service that utilize the service order process.
2. What types of service orders will be included in the count to determine target levels?
3. How was the 1% standard determined? What is the 3-month rolling average of held-orders for these 32 exchanges for the last two years?
4. Provide a count, by month, for the last two years on the aggregate total number of service orders processed including each of the exchanges proposed to be sold.
5. For the exchanges proposed to be sold, provide a count on the number of service orders incorporated in the methodology for the determination of a target level. Provide this information for each month of the prior two years.
6. What, if any, are the consequences for failing to meet the target set in this paragraph?
7. By agreeing to meet the targets beginning December 31, 2000 mean that because the target is a 3-month rolling average calculation the first calculation will include October, November and December of 2000? Or will the first calculation be based on numbers from January, February and March of 2001?

Paragraph 10

1. Define and explain what types of access lines will be included in the count.
2. Does the count include lines that are being utilized to provide both wholesale and retail services?
3. What will be the basis or source of the access line count used to determine minimum investment levels?
4. Provide a count of access lines for the last three years incorporating the same methodology as proposed in this section for the 32 exchanges being sold.
5. Provide a total year-end count of access lines for the last three years.
6. How much, on a per access line (as of year end) basis, did U S West spend in 1998 and 1999, in the 32 exchanges which are proposed to be sold? If possible, provide historical amounts for the last three years on the basis of Total, Central office and outside plant.
7. How much, stated on a per access line basis, did U S West plan or intend to spend in 2000 and 2001 in the 32 exchanges which are proposed to be sold prior to entering into this settlement?